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EX PARTE OR LATE FILED

February 23, 1999

Lynn Shapiro Starr
Vice President
Regulatory Affairs

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

RECEIVED
FEB 24 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: **Ex Parte Statement**
CC Docket 98-141

Dear Ms. Salas:

On Tuesday, February 23, 1999, copies of the attached documents were provided to the following:

Chairman Kennard	Commissioner Furchtgott-Roth
Commissioner Ness	Commissioner Powell
Commissioner Tristani	Tom Power
Kevin Martin	Linda Kinney
Kyle Dixon	Paul Gallant
Kathryn Brown	Carol Matthey
Bill Rogerson	Tom Krattenmaker
Bill Dever	

Pursuant to the Commission's Rules, two copies are being provided for inclusion in the record of the above-referenced proceeding.

Sincerely yours,

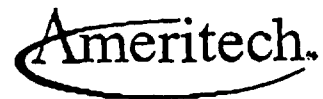
A handwritten signature in cursive script, appearing to read "L. Starr".

Attachment

No. of Copies rec'd. 041
List ABOVE



News Release



For More Information

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Ohio

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PUCO Staff, Ohio Consumers' Counsel, Competitors Sign Proposed SBC-Ameritech Merger Settlement

*Buckeye Consumers, Competition and Jobs
are Potential Winners in Sweeping Proposal*

Columbus, Ohio (Feb. 23, 1999)—Ohio consumers will be the big winners in a proposed agreement that would freeze residential rates, guarantee job levels in Ohio, protect and enhance service quality and encourage increased telecommunications investment and competition throughout the state.

The agreement sets terms for approving the merger of the two telecommunications companies by the Public Utilities Commission of Ohio (PUCO), which would retain a strong enforcement role under the settlement. The supporting stipulating parties to the agreement recommend that the PUCO approve the proposed agreement without making any changes.

Explicit potential benefits for consumers include residential rates that will not increase for three years, while providing multi-million dollar customer credits and payments if service quality standards are not met. It would also guarantee job levels of Ameritech Ohio. In addition, the settlement would provide funding to create consumer education and technology programs.

MORE

SBC-AMERITECH MERGER SETTLEMENT 2-2-2

With respect to competition, the proposal requires Ameritech to compete in four Ohio markets that it currently does not serve, giving customers there a new competitive alternative. And, to boost residential competition in Ameritech's current service area in Ohio, the agreement would establish the highest discount in the nation for resold residential local service and steep discounts for competitors that purchase network elements to provide facilities-based residential service. Multi-million dollar payments would also apply if certain competition objectives are not met.

Supporting stipulating parties to the agreement include the Staff of the Public Utilities Commission of Ohio, the Ohio Consumers' Counsel (OCC), the Edgemont Neighborhood Coalition, Parkview Areawide Seniors (a consumer group representing senior citizens in Northern Ohio), SBC Communications and Ameritech. Two new competitive providers of local service in Ohio, Time Warner Telecom and CoreComm also signed as Non-Opposing Stipulating parties. CoreComm is the largest provider of resold residential service in Ohio. CoreComm and Time Warner agreed not to oppose the merger in Ohio based on the PUCO's approval of the agreement.

"This is a culmination of a series of hard-fought negotiations that started in mid-December," said the OCC's Robert S. Tongren. "The result is a fair settlement which will benefit residential customers in Ohio. We believe this agreement promotes the public interest in Ohio. We recommend the PUCO approve the merger."

The proposed agreement required more than 100 hours of talks during 17 negotiating sessions. Highlights of the agreement, if approved by the PUCO, would include:

- Ameritech Ohio workforce levels must be at least as high two years after the merger as they are on either the day the PUCO approves the merger or the day the merger finally closes, whichever is greater.
- Rates for basic residential phone service will not increase. The current Advantage Ohio price cap plan will be extended until January 2002.
- Increased credits to customers if Ameritech-Ohio fails to meet service commitments on appointments it makes with customers.

MORE

SBC-AMERITECH MERGER SETTLEMENT 3-3-3

- The steepest discounts for resold local residential service in the nation and the first-ever discounted prices for unbundled residential loops, intended to foster facilities-based residential competition.
- Ameritech agreed to begin offering competitive local exchange service in 4 Ohio markets it currently does not serve—Cincinnati; Lebanon/Mason; Hudson/Twinsburg; and Delaware—further increasing local competition.
- Mandatory credits to Ohio consumers if Ameritech Ohio fails to meet strict service quality requirements for the three years following the merger.
- Mandatory payments to customers and competitors if competitive targets are not met.
- Mandatory payments to competitors if certain Operations Support System (OSS) performance measurements and standards are not implemented.
- Funding for a Consumer Education Fund, a Community Technology Fund, and the Community Computer Center Program and to maintain charitable and philanthropic contributions in Ohio.

"The settlement agreement reached with staff of the Public Utilities Commission of Ohio, Ohio's Consumers' Counsel and the Edgemont Neighborhood Coalition is the fruition of many weeks of hard negotiations," said SBC Chairman and CEO Edward E. Whitacre Jr. "Through it all, the parties demonstrated a genuine commitment to Ohio consumers and professionalism toward both companies that we sincerely appreciate."

"We hope the PUCO will act quickly on this settlement," said Whitacre. "We are ready to move forward in meeting Ohio's 21st Century telecommunications needs."

"The PUCO staff, the OCC and the Edgemont Neighborhood Coalition recognize that the SBC/Ameritech merger will deliver growth and consumer benefits in Ohio," said Richard C. Notebaert, Chairman and Chief Executive Officer of Ameritech.

MORE

SBC-AMERITECH MERGER SETTLEMENT 4-4-4

"They also recognize that Ohio should not be left behind as telecommunications becomes increasingly national and global," Notebaert added. "The settlement reflects that we are strongly committed to growth, to service quality, and to facilities-based competition. These parties have correctly balanced the needs of customers, employees and competitors to reach a fair settlement that's positive for the future of communications in Ohio."

Ellis Jacobs of the Legal Aid Society of Dayton, attorney for the Edgemont Neighborhood Coalition said, "There is a growing division between information haves and have nots in our society. This agreement contains important provisions that are aimed at beginning to overcome that divide." The Edgemont Neighborhood Coalition is a community organization in a low income African American neighborhood in Dayton which for years has strongly represented the interests of low-income residents before the PUCO.

A status conference on the settlement is scheduled for later today. A final vote by the PUCO could come within 30 days. The SBC-Ameritech merger is expected to be completed by mid-1999.

SBC Communications Inc. (www.sbc.com) is a global leader in the telecommunications industry, with more than 37 million access lines and 6.9 million wireless customers across the United States, as well as investments in telecommunications businesses in 11 countries. Under the Southwestern Bell, Pacific Bell, SNET, Nevada Bell and Cellular One brands, SBC, through its subsidiaries, offers a wide range of innovative services. SBC offers local and long-distance telephone service, wireless communications, data communications, paging, Internet access, and messaging, as well as telecommunications equipment, and directory advertising and publishing. SBC has more than 129,000 employees and its annual revenues rank it in the top 50 among Fortune 500 companies.

Ameritech (NYSE: AIT) serves millions of customers in 50 states and 40 countries. Ameritech provides a full range of communications services including local and long-distance telephone and data, cellular, paging, security, cable TV, Internet and more. One of the world's 100 largest companies, Ameritech (www.ameritech.com) has 70,500 employees, 1 million shareowners and more than \$30 billion in assets.

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Major Provisions of the Ohio Stipulated Settlement of the SBC-Ameritech Merger

Below is a description of the major provisions contained in the proposed settlement, which must be approved by the PUCO before becoming effective. These descriptions are intended only to provide a general overview of the provisions, and are not legally binding.

COMMITMENT	DESCRIPTION
RATES	
1. Freeze Residential Rates	Extend Advantage Ohio capped rates for basic local service until 1/9/2002.
OHIO PRESENCE/JOBS	
2. Maintain Ohio Jobs	At the end of two years post-merger closure, the number of full-time equivalent employees of Ameritech Ohio will not be less than the number that existed either the day the PUCO approves the merger or the day it closes, whichever is greater.
3. Maintain Ohio Headquarters	Maintain Ameritech-Ohio headquarters in Ohio for not less than 5 years post-closure, adequately staffed.
SERVICE/ INFRASTRUCTURE	
4. Capital Investments	Ameritech-Ohio capital expenditures will be \$1.32 billion or more in total over the three full calendar years following closure of the merger.
5. Conduct Service/Subscribership Penetration Study	Complete, within 12 months post-closure, a study on why some households in Ohio do not have telephone service and how to increase subscribership. Provide report to PUCO within 30 days of completion.
6. Maintain USA/Lifeline Program	Maintain low cost telephone service program for lower income customers through 1/9/2002.

7. Increase residential MTSS credits	Within 6 months post-closure and lasting for 2 years, increase by 25% credits to residential and business customers for missed service commitments as described in the Minimum Telephone Service Standards (MTSS).
8. Increase New Entrant Competitor recourse credits	Within 6 months post-closure and lasting for 2 years, increase by 50% the recourse credits due to New Entrant Competitors (NEC) for end user service under MTSS.
9. Service Commitment and Payments	Beginning 6 months post-closure and lasting for 3 years, if overall service quality performance standards are missed in any of three geographic regions in Ohio during a 12 month period, Ameritech will pay consumers and the Consumer Education Fund not more than \$16.7 million per year. Total payments will not exceed \$50 million over 3 years.
COMPETITION	
10. Increase Local Competition	Compete in 4 Ohio markets that Ameritech Ohio does not currently serve—Cincinnati; Lebanon/Mason; Hudson/Twinsburg; and Delaware—for at least 3 years. Begin service within 14 months after closing.
11. Improve Operations Support Systems (OSS)	Study and report on SBC and Ameritech OSS "best practices" and implement improvements within 180 days. Provide additional OSS support for NECs. Maintain NEC service centers and staffing levels for 4 years post-closure.
12. Implement Improved Performance Measurements and Standards	Ameritech-Ohio will implement at least 79 of 105 performance measures and standards/benchmarks that SBC agreed to in Texas within 270 days post-closure or pay \$20 million to competitors and the Community Technology Fund.

13. New Entrant Competitor Dispute Resolution	Commit to a detailed process for resolving disputes with other carriers.
14. Provide Residential Unbundled Loop Discounts	<p>Provide promotional discounts of 10% (urban), 33% (metro) and 44% (rural) on wholesale loops for new residential service to competitors who use their own switching. Provide 4-year signing window, with discounts good for three years after signing. Begin immediately upon the closing of the merger.</p> <p>Signing window ends whenever one of the following occurs:</p> <ul style="list-style-type: none">• Competitors have obtained 200,000 residential access lines in Ohio• Ameritech achieves approval to provide long distance in Ohio after 3 years and competitors capture 115,000 residential access lines or• 4 years after the merger closes.
15. Implement the Nation's Highest Resold Residential Service Discounts	<p>For new residential service only, <u>in the first 12 months following PUC approval of the merger</u>, provide a one-year promotional discount of 32% for resold local service (current discount is 21.9%). The second year discount will be 26.6% and 23.4% in the third year. Begin discounts 30 days after formal PUCO approval of the merger, subject to withdrawal if the merger does not close. Discounts last for three years. Signing window ends after three years or if competitors capture 200,000 or more residential access lines in Ohio after the first year.</p>

INCREASED COMPETITION PAYMENTS	
16. Competition Test and Payment	If competitors have not after 4 years post merger captured at least 200,000 residential access lines in Ohio, Ameritech Ohio will be required to pay \$20 million. The payment will not apply if, within 4 years post-closure, Ameritech Ohio has achieved long distance relief from the FCC pursuant to Section 271 of the 1996 Telecom Act or if Section 271 is repealed and Ameritech Ohio has authority to provide long distance service and competitors have more than 115,000 residential lines in Ohio.
CONSUMER BENEFIT/ CHARITABLE CONTRIBUTIONS	
17. Create Consumer Education Fund (CEF)	Within 3 months post-closure, provide \$2.25 million over 3 years to create a CEF.
18. Create Community Technology Fund (CTF)	Within 3 months post-closure, provide \$2.25 million to create a CTF.
19. Fund the Community Computer Center	Provide \$1 million over 3 years to continue this program.
20. Maintain Philanthropic and Community Contributions	Contribute at least \$6 million in Ohio over three years.